

**ANNUAL REPORT  
OF THE  
HEALTH FINANCE COMMISSION**



**Indiana Legislative Services Agency  
200 W. Washington Street, Suite 301  
Indianapolis, Indiana 46204**

**October, 2009**

# INDIANA LEGISLATIVE COUNCIL

## 2009

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# **HEALTH FINANCE COMMISSION**

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### **Staff**

**Casey Kline  
Attorney for the Committee  
Ann Naughton  
Attorney for the Committee  
Kathy Norris  
Fiscal Analyst for the Committee**

**A copy of this report is available on the Internet. Reports, minutes, and notices are organized by committee. This report and other documents for this Committee can be accessed from the General Assembly Homepage at <http://www.in.gov/legislative/>.**

## **I. STATUTORY AND LEGISLATIVE COUNCIL DIRECTIVES**

The Indiana General Assembly enacted legislation (IC 2-5-23) establishing the Health Finance Commission to study health finance in Indiana. The Commission may study any topic: (1) directed by the chairperson of the Commission; (2) assigned by the Legislative Council; or (3) concerning issues that include the delivery, payment, and organization of health services and rules that pertain to health care delivery, payment, and services that are under the authority of any board or agency of state government.

The Legislative Council assigned the following additional responsibilities to the Commission for the 2009 interim:

- (1) Whether pharmacy audits conducted under IC 25-26-22 should provide for an independent third party appeal, and if an independent third party audit is recommended, who should pay the costs for the audit (HEA 1292).
- (2) Health plan provider contract provisions that would require a contracted provider to accept more than a certain number of patients, and whether an insurer should be required to directly reimburse an out-of-network health care provider (HEA 1300).
- (3) Whether Indiana should require an endangered adult (as defined in IC 12-10-3-2(a)) to wear an electronic device to assist with locating the endangered adult if the endangered adult is lost or missing (SEA 307).
- (4) The need for appropriate and uniform training of state department of health employees whose job duties include inspection of health facilities (SB 349).
- (5) Whether the state department of health should establish a third party dispute resolution process for a health facility to use when a health facility appeals a state department finding in the health facility's survey report (SB 349).
- (6) Study and define the relationships among the medical director, the provider organization, and the certified EMS personnel issues with the intent to define more clearly the role and responsibilities of the medical director, the EMS provider organization, and the EMS personnel (SR 73).

## **II. SUMMARY OF WORK PROGRAM AND TESTIMONY**

The Commission met four times during the 2009 interim: August 19, 2009; September 1, 2009; September 29, 2009; and October 19, 2009.

The first meeting was held on August 19, 2009. The Commission heard testimony on the tracking of endangered adults, the training of health facility inspectors, and third party dispute resolution of health facility surveys. Testimony was provided on the Project Lifesaver program and the MedicAlert + Safe Return programs concerning tracking individuals at risk and concerns

were expressed about requiring an individual to wear a tracking device. The Indiana State Department of Health (Department) described the training health facility inspectors receive as well as training that it has sponsored for health facilities. The Indiana Health Care Association advocated for fair and consistent regulation and questioned the consistency of surveys statewide. Bob Decker of Hoosier Owners and Providers for the Elderly stated that the training concerns should not be an issue before the legislature, that additional training could be used for both health facility surveyors and health facility personnel, and the issue is turnover in long term care. The Department described the current dispute resolution process, indicating that there already is a third party dispute resolution process. The Indiana Health Care Association indicated that the current third party dispute resolution process is not objective.

The second meeting was held on September 1, 2009. The Commission received an update by the Department on the H1N1 influenza immunization requirements for school children, and federal grants. The Commission also heard testimony on the independent third party appeals of pharmacy audits in which testimony suggested that the third party appeal issue be delayed until there is a chance to review audits that have occurred under the new law. Testimony was also provided on insurance reimbursement and assignment of health insurance benefits. Individual providers testified in support of allowing an insured to assign the health insurance benefit to an out-of-network provider who would then be able to receive direct reimbursement from the insurer. Ms. Anne Doran, representing America's Health Insurance Plans, testified that the assignment of benefits issue is about an insurer's ability to manage care through using direct billing and does not support allowing assignment of benefits.

The third Commission meeting was held on September 29, 2009. The Commission heard testimony on health information technology, emergency medical care personnel, contracted medical provider access, and an update on the proposed Wishard Hospital project and referendum. Dr. Todd Rowland informed the Commission of Indiana's leading role in health information technology and of the various federal economic stimulus grants Indiana has applied for. Senator Tallian informed the Commission of two statutes that conflict concerning emergency medical services and firefighters. Senator Tallian stated that since there are firefighters who also serve as emergency medical technicians, there is a question as to what governing body should discipline the firefighter. The Commission received testimony from providers that a provider should be able to make the business decision to not see new patients who have insurance coverage from a particular insurer, but that some insurers have contract provisions that prohibit this. A representative from Anthem testified that the contract provision exists to prevent discrimination against payment source. Mr. Matthew Gutwein provided the Commission with information on the proposed Wishard hospital project and the referendum. Mr. Gutwein stated that Wishard can cover the costs of the project without a property tax increase.

The fourth meeting was held on October 19, 2009. The Committee received a report from the Department of Insurance on the assignment of health insurance benefits, received testimony on self-directed care in the Aged and Disabled Medicaid Waiver program and the Community and Home Options to Institutional Care for the Elderly and Disabled (CHOICE) program, and

considered proposed legislation and the final report.

To read a more complete account of this testimony and other matters considered by the Commission, the minutes of the Commission's four meetings can be found on the Commission's website ([www.in.gov/legislative/interim](http://www.in.gov/legislative/interim)), and copies may be obtained by contacting the Legislative Information Center of the Legislative Services Agency.

### **III. COMMITTEE FINDINGS AND RECOMMENDATIONS**

The Commission recommends the following preliminary bill drafts for consideration by the Indiana General Assembly:

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PD 3153: Number of patients per contracted provider

Prohibits health plan contract provisions that would require a contracted provider to accept more than a certain number of patients.

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Pdoc 1344: Nursing facility third party dispute resolution

Establishes a third party dispute resolution process that a health facility may use to appeal a deficiency finding in the health facility's state department of health survey report.

## WITNESS LIST

Ms. Linda Barrabee, Anthem Blue Cross Blue Shield  
Mr. Joe Breedlove, AFL-CIO  
Dr. Sara Brown, Medical Director of Parkview Hospital  
Mr. Brian Carnes, Indiana State Department of Health  
Mr. Paul Chase, AARP  
Ms. Carol Cutter, Indiana Department of Insurance  
Mr. Bob Decker, Hoosier Owners and Providers for the Elderly  
Ms. Anne Doran, America's Health Insurance Plans  
Dr. Joan Duwve, Indiana State Department of Health  
Ms. Lara Engelking, Attorney  
Ms. Karen Filler, FSSA  
Ms. Amy Flack, Krieg DeVault  
Mr. Nathan Gabhart, Williams Brothers Pharmacy  
Ms. Robyn Grant, United Senior Action of Indiana  
Ms. Nancy Griffin, Indiana Home Care Task Force  
Mr. John Grimm, South Shore Terrace and Rehabilitation  
Mr. Matthew Gutwein, Health and Hospital Corporation of Marion County  
Mr. Tom Hannify, Firefighters  
Ms. Pam Huffer, Area Agencies on Aging  
Mr. David Johnson, BioCrossroads  
Ms. Faith Laird, FSSA  
Mr. Rick Lantz, Delta Dental  
Mr. Jim Leich, Indiana Association of Homes and Services for the Aging  
Ms. Mary Ann Maroon, Indiana Association on Home & Hospice Care  
Ms. Pat McGuffey, Indiana State Chiropractic Association, Indiana Psychological Assn.  
Dr. Judith Monroe, Commissioner, Indiana State Department of Health  
Mr. Dennis Neary, Indiana Health Care Association  
Dr. Ben Park, American Health Network  
Captain Mike Pruitt, Wayne Township Fire Department  
Mr. Michael Rinebold, Indiana State Medical Association  
Mr. Michael Ripley, Indiana Chamber of Commerce  
Mr. Ed Roberts, Indiana Manufacturer's Association  
Dr. John Roberts, Indiana Dental Association  
Dr. Todd Rowland, Healthlink  
Ms. Denise Saxman, Alzheimer's Association  
Mr. Dan Seitz, Bose Public Affairs Group  
Mr. Michael Sullivan, Alzheimer's Association  
Senator Tallian  
Mr. Brad Thatcher, Department of Homeland Security  
Ms. Claudia Tucker, Medco  
Mr. Eric Vermeulen, Indiana Health Care Association  
Mr. Terry Whitson, Indiana State Department of Health  
Ms. Linda Wilgus, Indiana Medical Group Management Association

Mr. John Willey, Anthem Blue Cross Blue Shield  
Mr. David Wulf, Indiana Chamber of Commerce